

# City of Newport Department of Utilities



**RHODE ISLAND PUBLIC UTILITIES COMMISSION  
DOCKET NO. 24-30-WW**

**REBUTTAL TESTIMONY**

**OF**

**ROBERT C. SCHULTZ JR., P.E.**

**CITY OF NEWPORT  
DIRECTOR OF UTILITIES**

**ON BEHALF OF THE CITY OF NEWPORT, UTILITIES DEPARTMENT,  
WATER DIVISION**

**NOVEMBER 26, 2024**

1 **I. INTRODUCTION**

2 **Q. Please provide your full name, title and business address for the record.**

3 A. Robert C. Schultz, Jr., and I am employed by the City of Newport, where I serve as Director of  
4 Utilities. My business address is 70 Halsey Street, Newport, RI.

5

6 **Q: Are you the same Robert C. Schultz, Jr. who submitted pre-filed Direct Testimony in this**  
7 **Docket?**

8 A: Yes I am.

9

10 **Q: Please provide an overview of your Rebuttal Testimony.**

11 A: I am providing testimony that responds to the Direct Testimony submitted by the Division of  
12 Public Utilities and Carriers (“Division”), the Portsmouth Water and Fire District (“Portsmouth”),  
13 and the Town of Middletown (“Middletown”).

14

15 I will begin by addressing the direct testimony submitted by Lafayette K. Morgan, Jr. on behalf  
16 of the Division including Mr. Morgan’s testimony regarding Newport’s use of the FY2025 budget  
17 for rate year expenses; his proposed reductions to rate year expenses; and, his proposal  
18 regarding the multi-year rate increase. I will then address the direct testimony submitted by  
19 Jason Mumm on behalf of Portsmouth. Finally, I will address certain issues raised by  
20 Middletown’s witness, David Russell. I would also note that Harold Smith will be addressing  
21 certain issues raised by these witnesses in his rebuttal testimony as well.

22

23 **II. DIVISION’S DIRECT TESTIMONY**

24 **Q. How is your testimony addressing the Division’s direct testimony organized?**

25 A. First, I will address Mr. Morgan’s testimony regarding Newport’ use of the FY25 budget to set  
26 rate year expenses, then I will address Mr. Morgan’s specific expense adjustments, and then I  
27 will address Mr. Morgan’s proposal regarding Newport’s multi-year rate increase.

1 **A. NEWPORT’S USE OF THE FY25 BUDGET FOR RATE YEAR EXPENSES**

2 **Q. Can you please address Mr. Morgan’s concern with Newport’s use of its FY25 budget in**  
3 **setting rate year expenses.**

4 A. Yes. The budget serves as more than just a planning tool; it is a comprehensive document  
5 functioning as a policy instrument, financial plan, operational guide, and communication device.  
6 Critically, it provides the legal authorization for expenditures. Prior to FY2025, previous  
7 administrations restricted modifications to operational accounts based on the approved rate  
8 expenditures, often necessitating budget transfers or offsets.

9  
10 The FY2025 budget is the first to be developed with a realistic expense level in mind, specifically  
11 tailored to meet operational and infrastructure requirements, and thereby aligning with the  
12 financial demands for sustainable water service. Relying solely on historical budget allocations  
13 incorrectly assumes that past expenditures fully covered all necessary operational and  
14 maintenance activities required to sustain services.

15  
16 This is demonstrably not the case. Newport has clearly demonstrated a revenue deficit and the  
17 rates for Operations & Maintenance have not increased since FY2020. Given these facts, it is  
18 unreasonable to assume that historical expenditures were sufficient to fund all operational and  
19 maintenance needs or fund current requirements of suitable service.

20

21 **B. ADJUSTMENTS TO RATE YEAR EXPENSES**

22 **Q. Before addressing the Division’s specific adjustments, do you have any general comments**  
23 **regarding Newport’s rate year expenses?**

24 A. Yes, I have three general issues I would like to address. First, as noted in my direct testimony,  
25 Newport has not increased rates for Operation & Maintenance expenses since FY2020, a span  
26 of five years. During this period, Newport has made significant efforts to cover expenses, even

1 in the face of substantial inflation over recent years, while maintaining the level of service  
2 required to meet community needs.

3

4 Second, Newport has not applied a general inflationary adjustment to test-year expenses.  
5 Instead, we aimed to set rate-year expenses as accurately as possible without relying on a  
6 general inflation adjustment, ensuring that budget allocations align closely with the actual costs  
7 necessary to uphold service standards and operational reliability.

8

9 Lastly, as we look forward, maintaining this level of service requires realistic budgeting to  
10 address rising operational and maintenance costs, industry best management practices, and  
11 performance indicators that will directly impact Newport's ability to continue providing  
12 sustainable and reliable service.

13

14 **Q. How have you organized your testimony regarding the Division's proposed adjustments to**  
15 **rate year expenses?**

16 A. I will address each budget line item in the order set forth in Mr. Morgan's direct testimony.

17

18 **Labor Expense - Salaries & Wages (Account 50001), Standby Salaries (Account 50044),**  
19 **Overtime (Account 50002), Temp Salaries (Account 50004), Permanent Part Time (Account**  
20 **50005) and Lead Operator Stipend (Account 50045)**

21 **Q. The first issue Mr. Morgan addressed under the category of Labor Expense was salaries**  
22 **and wages, and he propose to use the salaries and wages as of July 1, 2024 to establish this**  
23 **expense. Can you address this?**

24 A. Yes. First as Mr. Morgan pointed out, following Newport's original filing in this Docket we  
25 submitted updated models to correct some errors, which included incorrect salary information.  
26 The most recent Excel spreadsheet model was submitted on August 30, 2024 in response to  
27 Division 3-8 entitled "Newport Water - Revised Rate Model 8.30.2024." Newport apologizes for  
28 the confusion created.

1 Mr. Morgan also raised an issue regarding the FY25 budget. In particular, he stated: “The NEA  
2 Contract expires on June 30, 2025, so presumably an increase is reflected in the cost of service  
3 for the 4 employees who are NEA members consistent with their contract.”, and “I am  
4 requesting that NWD address this issue, in its rebuttal testimony, by explaining how it has  
5 ensured that cost assumptions related to the new AFSCME contract that were included in the  
6 FY 2025 budget have been removed.” (Morgan Direct, p. 10). As such, I have prepared Exhibit 1  
7 to my testimony that attempts to address these issues:

- 8 • In Mr. Morgan’s LKM-3, he uses the Salary & Longevity figures as of 7/1/24 that were  
9 provided in response to Comm. 1-1.
- 10 • These salary figures *were* budget numbers, and they did not include step increases.
- 11 • In addition, the amounts he attributed to “Salaries & Wages per NWD” in LKM-3 are  
12 from the June 28, 2024 rate model, not the updated August 30, 2024 model. Again,  
13 Newport apologizes for any confusion created.
- 14 • In recognition of these factors, columns (A), (B) and (C) in Exhibit 1 attached to my  
15 testimony, include the information found in LKM-3 for each department.
- 16 • Columns (D), (E) and (F) set forth the *actual* current salaries for each position, including  
17 those that are currently unfilled. Thus, there are no budgetary assumptions or  
18 presumed increases in these columns, only *actual* current salaries, which include  
19 longevity and steps.
- 20 • The current actual totals for each department as compared to the rate year request set  
21 forth in the August 30, 2024 revised rate model are as follows:

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23  
24  
25  
26

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<u>Department</u>	<u>Rate Year Request<sup>1</sup></u>	<u>Current Actual Salaries</u>
Administration	\$552,243	\$524,790
Customer Service	\$400,707	\$388,670
Source of Supply - Island	\$368,357	\$355,675
Station One	\$711,449	\$653,625
Lawton Valley	\$638,996	\$650,429
Laboratory	\$170,663	\$167,596
Distribution	<u>\$715,433</u>	<u>\$661,075</u>
Total	\$3,557,848	\$3,401,860

1

2 Thus, Newport's total current salary requirement for all positions is \$3,401,860, and it this  
3 amount that Newport proposes to use as the baseline to establish a total salary and wage  
4 requirement.

5

6 **Q. In the next adjustment, the Division removed salary and wage expenses for currently**  
7 **unfilled positions. Do you agree with this adjustment, and if not, why not?**

8 A. I do not agree with this adjustment. We currently lack the capacity to effectively handle our  
9 workload and provide our desired level of service. Even though we have not yet fully deployed  
10 CityWorks to collect precise workload data, there is already substantial evidence of unmet  
11 needs. Core tasks like valve exercising, hydrant inspections and maintenance, and routine  
12 flushing are not being addressed adequately due to insufficient staffing. These roles are critical  
13 to ensuring a reliable, well-maintained system and supporting our operational objectives.  
14 Removing funding for these positions jeopardizes our ability to meet service standards and  
15 prepare for future demands. Such an action risks creating a self-perpetuating cycle where past  
16 under-expenditure is used to justify future cuts, which does not accurately reflect the utility's  
17 needs. However, we do recognize that vacancies do occur. As such, Newport proposes to  
18 reduce the total baseline amount of \$3,401,860 set forth above. Specifically, Newport proposed  
19 to deduct the salary associated with the currently unfilled Deputy Director, Utilities,

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<sup>1</sup> Per Newport Water Revised Rate Model 8.30.2024

1 Engineering and Operations (\$75,848) and one of the Utility Operators (\$54,570) as well as the  
2 benefits associated with these positions.

3

4 **Q. The Division then adjusted Standby Salaries based on the fact that the new union contract**  
5 **has not yet been negotiated. Do you agree with this adjustment?**

6 A. Yes, I agree with the adjustment at this stage with the caveat that any necessary adjustment  
7 be addressed in future step increase compliance filings once the union contract is negotiated to  
8 ensure that the appropriate funding reflects the terms of the agreement.

9

10 **Q. The next adjustment was to Customer Service Overtime. Do you agree with this**  
11 **adjustment?**

12 A. No. Newport's overtime expense for customer service in the rate year was \$9,750. Mr.  
13 Morgan then refers to Newport's response to Div. 3-15(a), where Newport stated that its  
14 expense for FY24 was \$11,423.58 and its expense to date for FY25 was \$3,583.21, which  
15 annualized to \$26,618.13. For the first four months of FY 2025 through November 1, 2024, we  
16 have expended \$11,202.23, which annualizes to \$33,606.69. As such, our proposed rate year  
17 expense now appears to be understated.

18

19 **Q. Do you agree with the Division's adjustment removing the entire amount of rate year**  
20 **expense for Source of Supply – Island Temp Salaries?**

21 A. No. Mr. Morgan removed the entire expense of \$34,580 because he felt that Newport had  
22 not adequately explained or supported this expense. Mr. Morgan points out that Newport  
23 incurred the following expenses in this account: FY2022 - \$0; FY 2023 - \$8,800; and, FY2024 -  
24 \$0. This is consistent with my direct testimony (page 10) on this issue:

25

26 **Q. Can you please explain the increase in Temp Salaries?**

27 A. Yes. Traditionally, Newport Water had no trouble recruiting temporary and seasonal  
28 employees. These employees would handle tasks such as hydrant painting, grass

1 mowing, etc., which would free up Newport’s full-time employees for more important  
2 tasks, especially in the summer months. In addition, Newport would attempt to  
3 transition these temporary employees to full-time positions. However, like many  
4 utilities, Newport Water is encountering difficulties finding temporary and seasonal  
5 employees. These challenges stem from an aging workforce, competition for workers,  
6 and compensation. To tackle this issue, Newport Water has adjusted its compensation  
7 levels to be more competitive and is actively working to establish partnerships with paid  
8 vocational programs, internships, and apprenticeships to attract temporary/seasonal  
9 employees and to cultivate future talent.

10  
11 Mr. Morgan also stated that “Clearly, if NWD’s spending for this account is expected to increase  
12 this significantly, there must be an explanation.” (Morgan Direct, p. 13) Newport takes the  
13 position that it did provide an explanation in response to Div. 2-12, which Mr. Morgan  
14 reproduces in his direct testimony (Id.):

15  
16 **DIV. 2-12:** Please identify with more particularity how NWD has adjusted its  
17 compensation for temporary workers?

18  
19 **Response:** The current economic climate and changing workforce dynamics have  
20 emphasized the importance of organizations reevaluating and adapting their  
21 compensation strategies for part-time workers. In particular, the water sector is crucial  
22 for public health, environmental sustainability, and infrastructure management.  
23 Therefore, employees in this field possess specialized skills and knowledge that justify  
24 fair compensation, especially when working part-time with limited benefits.

25  
26 Simply, the positions needed to be increased to at least \$20/hour to be remotely  
27 competitive. With the uniqueness of the labor market in Rhode Island and in particular  
28 Newport, we benchmark the overall market conditions via AWWA, NEWWA, RIWWA,  
29 and LinkedIn to compare against our starting salaries and benefits. Please see the  
30 following part-time positions currently available in our market:

- 31 • Parttime Housekeeper: \$20 to \$28 per hour
- 32 • Parttime Raw Bar Shucker: \$20 per hour
- 33 • Parttime Food Runner: \$18 to \$22 per hour
- 34 • Parttime Ben & Jerry’s Team Member: \$14 to \$22 per hour
- 35 • Parttime Parking Attendant: \$15 to \$20 per hour, plus tips and bonus
- 36 • Parttime Sever: \$20-\$28 per hour plus tips

37  
38 **Prepared by:** Robert C. Schultz, Jr.



1 Thus, the reason for Newport's low expenditures in FY 2020, FY 2023, and FY 2024 was the lack  
2 of a competitive hourly rate. During those years, we only offered a maximum of \$18.00 per  
3 hour. However, if we increase the hourly rate to \$22.75, we can attract more seasonal  
4 employees. The funding is allocated for two staff members for 19 weeks at \$22.75 per hour.

5

6 **Q. Next, the Division suggests an adjustment to Source of Supply - Mainland Overtime**  
7 **Expense. Do you agree with this adjustment?**

8 A. While Newport does not agree with the Division's methodology, it will accept this  
9 adjustment. Newport has provided testimony on the ongoing degradation of raw water,  
10 changing climate, and increased reliance on mainland supplies, whereas this adjustment seems  
11 focused on historical data.

12

13 **Q. The Division then suggests an adjustment to Source of Supply – Mainland Temp Salaries.**  
14 **Do you agree with this?**

15 A. No. Newport disagrees for the same reason it disagreed with the proposed adjustment to  
16 Temp Salaries in the Source of Supply Island – Temp Salaries account. In addition, Source of  
17 Supply Mainland includes pumping, and as I indicated in my direct testimony, the degradation  
18 of our raw quality remains a persistent issue. To illustrate, crystal-clear water typically has a  
19 turbidity level below 1 nephelometric turbidity unit (NTU), while water becomes visibly cloudy  
20 at 4 NTU. From 2016 until approximately 2019, Newport's raw water averaged 4.06 NTU. This  
21 average has since deteriorated to 7.58 NTU. For context, the best turbidity recorded during this  
22 period was 0.64 NTU from the Watson Reservoir, while the worst was at 70 NTU or greater.  
23 Since the lowest turbidity is at Watson Reservoir in Little Compton, Newport has been pumping  
24 more water from that source. The proposed reduction would decrease funding by  
25 approximately 25 operational days. Given Newport's projections of increased needs in this  
26 account, this funding shortfall would necessitate reallocating resources from other accounts.

1 **Q. Do you agree with the Division's adjustment to Source of Supply – Mainland Permanent**  
2 **Part-Time?**

3 A. No, because it appears the Division may have overlooked Newport's response to Div. 3-17 (c)  
4 and (d). As noted in those responses, The Water Caretaker receives an annual salary of \$13,100,  
5 while an on-call caretaker earns \$5,300 per year, which brings the total to \$18,400. As such, this  
6 line item is actually underfunded by \$2,275. Further, as noted in the responses, the notes on  
7 HJS Schedule D-10 –including "12 months @ \$1,075" – are a holdover from Docket 4933 and  
8 should be disregarded. It is not applicable to the current rate case. Thus, a three-year  
9 normalization should not be applied to this line item.

10

11 **Q. The Division then adjusted Newport's rate year expense for Station One – Overtime**  
12 **expense. Do you agree with this adjustment?**

13 A. Newport will accept the adjustment but disagrees with the methodology of using a three-  
14 year average to normalize expenses. By the nature of the position and seniority-based  
15 preferences for overtime, operator pay increases annually, further driving up expenses. Thus,  
16 basing the overtime allowance on past pay rates understates the amount required on a going  
17 forward basis.

18

19 **Q. Do you agree with the Division's adjustment to the Station One – Operator Stipend?**

20 A. Newport is willing to accept the proposed reduction but disagrees with the methodology of  
21 using a three-year average to normalize expenses.

22

23 **Q. The Division also made an adjustment to overtime in the Lawton Valley account. Do you**  
24 **agree with this adjustment?**

25 A. Newport does not agree with the proposed adjustment and instead recommends an  
26 adjustment consistent with the proposal for Station One, which was a decrease of

1 approximately \$5,000. The test year amount of this expense was \$140,879 and the proposed  
2 rate year expense was \$150,000. Newport would agree to a rate year expense of \$145,000.

3

4 **Q. Can you address the Division’s adjustment to the Lawton Valley Operator Stipend?**

5 A. Newport is willing to accept the proposed reduction but disagrees with the methodology of  
6 using a three-year average to normalize expenses.

7

8 **Q. Do you agree with the Division’s adjustment to Distribution – Overtime Expense?**

9 A. Newport is willing to accept the proposed reduction, but disagrees with the methodology of  
10 using a three-year average to normalize expenses. Relying on a three-year average to normalize  
11 expenses risks perpetuating a cycle of underfunding, where historical under-expenditure is used  
12 to justify future insufficient funding. This approach fails to account for the escalating costs  
13 associated with deferred maintenance and aging infrastructure.

14

15 **Q. The Division’s final adjustment to Labor expense was to remove the entire rate year  
16 expense for Distribution Temp Salaries. Do you agree with this adjustment?**

17 A. No. As addressed above, the reason for Newport's low expenditures in FY 2020, FY 2023, and  
18 FY 2024 was the lack of a competitive hourly rate. During those years, we only offered a  
19 maximum of \$18.00 per hour. However, if we increase the hourly rate to \$22.75, we can attract  
20 more seasonal employees. The funding is allocated for two staff members for 19 weeks at  
21 \$22.75 per hour.

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1 **Employee Benefits (Account 50100)**

2 **Q. Mr. Morgan testified that the level of employee benefits is based on the claimed number**  
3 **of positions and that he adjusted the salaries and wages expenses to the actual positions he**  
4 **allowed in his cost of service. Do you agree with this?**

5 A. I agree that the funding of employee benefits should depend on the number of positions in  
6 the salaries and wages expense, and as set forth above, Newport proposes to eliminate the  
7 employee benefits expense for the currently unfilled Deputy Director, Utilities, Engineering and  
8 Operations and one of the Utility Operators.

9

10 **Annual Leave Buyback Expenses**

11 **Q. The Division recommends an adjustment to the Annual Leave Buyback expense based on**  
12 **issues raised in Mr. Morgan’s testimony, and he asked for a fuller explanation of those issues.**  
13 **Can you please address this?**

14 A. Yes. As noted in Mr. Morgan’s testimony, Newport provided information on this expense in  
15 response to Div. 3-10 and 3-11. As noted in our response to Div. 3-11: “The annual leave  
16 buyback expense in the test year, FY2023, was \$44,940 and in FY2024 the (unaudited) expense  
17 was \$49,998.33. The total rate year amount requested of \$54,650 for all accounts is \$9,710  
18 more than the test year and only \$4,651.67 than the (unaudited) amount for FY2024, which  
19 correlates generally to increase in salaries and wages.” The Division’s request for a fuller  
20 explanation seems to be related to Mr. Morgan’s review of Annual Leave Buyback policy  
21 information on the City of Newport’s website. However, the website seems to have either  
22 outdated or inaccurate information. The site lists the maximum buyback at 100 hours, when  
23 the correct maximum is 200 hours. There has been no change in policy. However, salaries have  
24 not kept up with rising inflation and expenses resulting in a projected increase of employees  
25 selling back hours.

26

27

1 **Retiree Insurance Coverage (Account 50103)**

2 **Q. The Division recommends a reduction in annual funding of \$63,179 and amortization of**  
3 **\$100,000 of the current balance in this account. Do you agree with these two suggestions?**

4 A. Yes, Newport agrees with these adjustments.

5

6 **Worker's Compensation (Account 50105)**

7 **Q. Mr. Morgan, on behalf of the Division, suggests an adjustment based on Newport's actual**  
8 **premium for FY 2024-2025. Do you agree?**

9 A. No, Newport intends to fill its vacant positions, which will result in an increase in associated  
10 workers' compensation expenses. Unfortunately, the process of recruiting and filling these  
11 positions is complex and time-consuming.

12

13 **Consultant Fees (Account 50220)**

14 **Q. Do you agree with the Division's adjustment to consultant fees?**

15 A. No. As noted in response to Comm. 1-5, this account consists of the following components:

- 16 • Rate Case Legal Fees
- 17 • Rate Case Financial Consultant Fees
- 18 • RIPUC Rate Case Fees
- 19 • Legal Fees Non-Rate Case
- 20 • Bank Trustee Fees
- 21 • Property Tax Advisor Fee
- 22 • Other specialized consultants

23 Mr. Morgan uses a three-year average, but since this account includes rate case expense, the  
24 final amount for this account should be set the conclusion of this Docket.

25

26

27

1 **Telephone and Communications Expense (Account 50251)**

2 **Q. Do you agree with the Division's recommended adjustment to this expense?**

3 A. Newport again disagrees with the Division's methodology, but will accept this adjustment.

4

5 **Property Taxes (Account 50308)**

6 **Q. Does Newport agree with the Division's adjustment to the Property Taxes account?**

7 A. Yes, Newport agrees with this adjustment.

8

9 **Conferences and Training (Account 50202)**

10 **Q. The Division recommends an adjustment to the Conferences and Training expense. Do you**  
11 **agree?**

12 A. No. A utility's most valuable resource is its personnel. While technology can augment  
13 operations, it cannot replace the expertise, adaptability, and decision-making capabilities of  
14 professional staff. Building a culture that actively encourages and supports the continuous  
15 improvement of personnel is essential for Newport's success as a modern, resilient utility.  
16 Ongoing training and active participation in professional associations and networking are  
17 critical to ensuring the sustainability and effectiveness of Newport's water utility. The water  
18 industry faces continual advancements in technology, evolving regulatory requirements, and  
19 emerging best practices. To keep pace, staff must have access to regular training opportunities  
20 to enhance technical skills, maintain regulatory compliance, protect public health, and improve  
21 operational efficiency.

22

23 Participation in professional associations provides significant additional benefits. It gives staff  
24 access to cutting-edge research, fosters peer-to-peer knowledge sharing, and offers insights  
25 into innovative approaches from across the industry. These connections drive innovation, foster  
26 collaboration, and allow Newport to learn from the successes and challenges of other utilities.

1 For Newport, investing in training and professional development is a fundamental necessity. A  
2 well-trained workforce ensures reliable service delivery, strengthens resource management,  
3 and positions us to proactively address future challenges. This investment is integral to  
4 maintaining public trust and ensuring Newport operates as a modern, sustainable utility.

5  
6 Relying on a three-year average to determine funding for these expenses fails to account for  
7 the critical investments required to develop and retain skilled staff. This approach risks  
8 underfunding key initiatives that support continuous improvement and staff development,  
9 ultimately hindering Newport’s ability to meet the increasing demands of the water industry  
10 and serve the community effectively.

11

12 **Repairs and Maintenance (Account 50275)**

13 **Q. Do you agree with the adjustment to Repairs & Maintenance proposed by the Division?**

14 A. No, the proposed adjustments do not reflect the funding needed to achieve a suitable and  
15 expected level of service. They incorrectly assume that historical expenses were sufficient to  
16 cover all required maintenance and repairs, which they were not. Underfunding in the past has  
17 already led to deferred maintenance, increased repair backlogs, and a heightened risk of  
18 system failures. Adequate funding is critical to ensure that Newport can provide the reliable,  
19 modern level of service that the community expects and deserves. Mr. Morgan also stated that  
20 there were no breakdowns for repair and maintenance expenses in certain accounts, and I am  
21 providing them herein below:

22

**Administration**

Home Depot	\$500
50% mini-split system Repair/ Service	\$1,750
<b><u>Boiler Service</u></b>	<b><u>\$250</u></b>
Total	\$2,500

**Customer Service**

5/8" Orion Cellular	\$18,191
3/4" Orion Cellular	\$9,865
Large Meter	\$5,356
Reading Equipment	\$4,750
<u>Misc.</u>	<u>\$1,838</u>
Total	\$40,000

**Source of Supply - Mainland**

OWTS - Inspection & Service	\$2,300
Pump Service - Calibration	\$4,355
Pump Repairs	\$7,850
Elec Service - Inspection	\$3,000
<u>Small Equipment Repair or Replace</u>	<u>\$4,750</u>
Total	\$22,255

**Fire Protection**

Hydrant Replacement	\$85,335
Hydrant - Collision Kits	\$8,413
Hydrant - Rebuild Kits	\$8,777
Hydrant - Paint	\$3,601
Hydrant - Tools	\$3,900
Mueller Company Lubricant	\$1,999
NWD Thread Adaptor	\$3,200
<u>Misc.</u>	<u>\$4,775</u>
Total	\$120,000

2

3 **Q. Can you provide examples of how Mr. Morgan's adjustments to Repairs & Maintenance**  
4 **affect existing and/or proposed operations?**

5 A. Yes, the significant reduction in repair and maintenance will result in continued or even  
6 accelerated degradation in Newport's system. The following are some examples of how the  
7 proposed reductions will affect Newport Water:

8 **Customer Service**

9 The proposed normalization using an average reduces funding for this account by  
10 \$30,426. This account is critical as it provides for the repair and maintenance of



1 essential components such as meters, reading devices, strainers, and other  
2 infrastructure necessary for accurate billing and operations. Historically, a portion of  
3 these expenses was offset by capital investments during the transition to the Beacon  
4 system. However, with the proposed funding level of only \$9,574, Newport would be  
5 unable to meet the demands for timely repairs and maintenance. This shortfall would  
6 likely result in a significant increase in estimated bills, undermining customer confidence  
7 and operational accuracy. Adequate funding is essential to sustain system reliability and  
8 ensure accurate metering for all ratepayers.

9  
10 **Station One & Lawton Valley**

11 The total cost of the recommended annual service contracts *alone* exceeds the funding  
12 level proposed by Mr. Morgan. This would force Newport to practice deferred annual  
13 maintenance and abandon service contracts favoring a run-to-failure approach. Even  
14 under this operation practice, it leaves negligible funding for necessary repairs. Such an  
15 approach is not sustainable and undermines the utility's long-term reliability and  
16 efficiency. Additionally, it is unclear which portion of Newport's maintenance and repair  
17 responsibilities the Division expects to forego under this proposed funding level.  
18 Adequate funding is essential for maintaining service reliability, preventing costly  
19 failures, and ensuring the utility can continue to meet the evolving needs of the  
20 community.

21  
22 **Fire Protection**

23 The proposed reduction of \$102,339 completely defunds Newport's efforts to  
24 modernize its annual maintenance program for fire hydrants, which is essential to  
25 ensuring hydrants remain functional, reliable, and ready for emergencies. A modern  
26 maintenance program begins with a thorough visual inspection to identify visible  
27 damage, corrosion, leaks, or vandalism. Functional testing follows, with hydrants fully

1 opened to flush out debris, measure water flow and pressure, and check valve operation  
2 for smoothness, noting any unusual noises or resistance. Operational checks ensure that  
3 hydrants open and close properly, valves seat correctly, and drainage is adequate to  
4 prevent freezing in cold climates. Auxiliary components such as caps, chains, and  
5 threads are inspected for damage, with nozzle threads cleaned to maintain  
6 functionality. To ensure visibility and prevent corrosion, hydrants are repainted and  
7 clearly marked in compliance with local standards. All inspection details, flow test  
8 results, repairs, and identified issues are thoroughly documented, with updates entered  
9 into CityWorks for effective asset management. Necessary repairs, such as replacing  
10 worn gaskets, damaged nozzles, or addressing leaks, are carried out promptly, and  
11 hydrants nearing the end of their useful life are scheduled for replacement. Additionally,  
12 staff are trained to handle hydrant operations safely, ensuring compliance with OSHA  
13 and other safety regulations. Historically, this level of service has not been adequately  
14 funded or staffed, but it is required to maintain hydrant reliability and ensure the  
15 utility's readiness to respond to emergencies. Defunding these efforts would severely  
16 limit Newport's ability to provide this essential level of service, risking the integrity and  
17 functionality of the hydrant system at a time when modernization is critical.

18  
19 **Uniforms and Protective Gear (Account 50320)**

20 **Q. Do you agree with the Division's proposed adjustment to the Uniforms and Protective**  
21 **Gear expense?**

22 A. Newport agrees to the adjustments to this expense for Customer Service, Source of Supply  
23 Island and Distribution, but not Station One or Lawton Valley. The expenses for these two  
24 accounts were itemized in response to Div. 3-19 and 3-20, and uniforms and protective gear are  
25 essential for ensuring a safe and professionally operated utility. They protect staff from  
26 workplace hazards such as chemical exposure, extreme weather conditions, and physical  
27 injuries/risks that are inherent to water utility operations.

1 **Gasoline and Vehicle Allowance (Account 50271)**

2 **Q. The Division recommends adjusting the Gas and Vehicle expense, do you agree?**

3 A. No. Basing the rate year expense on a three year historical average does not provide  
4 adequate funding for the rate year. We believe we have provided information that supports the  
5 rate year request, including the fact that gasoline and diesel fuel prices have increased and the  
6 number of Newport’s vehicles has increased. (see e.g. Newport’s responses to PUC 1-5 c. Div. 3-  
7 2, 3-16 a., 3-19, and Div. 4-8, which includes our contracts with Transdev Fleet Services  
8 (formerly known as First Vehicle Services, Inc.) Thus, a three-year average fails to accurately  
9 reflect the ongoing and increasing level of expense. The proposed approach does not account  
10 for the current operational realities and would result in underfunding this critical account and  
11 jeopardizing the utility’s ability to maintain its fleet effectively and meet service demands.

12

13 **Water/Sewer Charge (Account 50305)**

14 **Q. Do you agree with the adjustment proposed by the Division for sewer charges?**

15 A. Newport does not object to the adjustment but takes issue with the methodology,  
16 specifically the continued normalization using a three-year average. As the increased Sewer  
17 Charge has not yet been approved, Newport would like the ability to address the anticipated  
18 future increase in our multi-year compliance filings to ensure an accurate reflection of  
19 operational costs and revenue requirements.

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1 **Regulatory Expense (Account 50280)**

2 **Q. Mr. Morgan, on behalf of the Division, recommends that the proposed Regulatory Expense**  
3 **of \$1,500 be removed as an allowable expense because it is for costs associated with**  
4 **producing the Consumer Confidence Report, and he concluded that it is a non-recurring**  
5 **expense because no expense reported for this account prior to FY 2024. Can you please**  
6 **address this?**

7 A. Yes, while this may appear to be a one-time expense, Newport is legally mandated to  
8 produce these reports and send them to customers each year, so it is actually a recurring  
9 expense. Previously, Newport prepared these reports in-house, but we have now engaged the  
10 services of an outside vendor to produce a modern Consumer Confidence Report (CCR). These  
11 reports are subject to annual changes based on sampling results and other system activities,  
12 making this an ongoing expense. In fact, it is more likely than not that the actual cost will  
13 exceed the \$1,500 requested, further underscoring the need for appropriate funding to ensure  
14 compliance and quality reporting. Even though the increase is likely, it is not currently known  
15 and measurable, so the request stands at the documented level.

16

17 **Regulatory Assessment (Account 50281)**

18 **Q. Do you agree with the Division's adjustment to the Regulatory Assessment expense?**

19 A. No. Morgan states: "In its explanation of the basis of its claim, in the response to Div. 3-  
20 13(m), NWD only addresses the annual assessment invoice from the Division of Public Utilities  
21 and Carriers, so it is unclear how NWD derived the \$135,000 total assessment claim. I have  
22 derived my adjustment to the annual assessment based on the December 20, 2023 Assessment  
23 Invoice from the Division of Public Utilities and Carriers and the test year amounts for the  
24 remaining line items." In addition to the Regulatory assessment paid to the Division, the fee  
25 paid to RIDOH for Newport's license was \$23,563.50 and the membership fee for the Rhode  
26 Island Water Works Association was \$800.

27

1 **Electricity (Account 50306)**

2 **Q. The Division also proposes an electricity expense adjustment. Do you agree?**

3 A. Yes. Newport agrees with this adjustment.

4

5 **Natural Gas (Account 50307)**

6 **Q. Do you agree with the natural gas adjustment proposed by the Division?**

7 A. Yes, Newport agrees with the Division adjustment of \$9,663.

8

9 **Reservoir Maintenance (Account 50277)**

10 **Q. The Division proposes an adjustment to Reservoir Maintenance expenses for the Source of**  
11 **Supply Island account and the Source of Supply Mainland account. Do you agree with these**  
12 **adjustments?**

13 A. Newport does not object to the adjustment but does not agree with the methodology,  
14 specifically the continued normalization using a three-year historical average.

15

16 **Operating Supplies (Account 50311)**

17 **Q. The Division also proposes adjustments to the Operating Expenses for the Station One**  
18 **Island and Lawton Valley accounts. Do you agree with these adjustments?**

19 A. No, the significant reduction in funding for operating supplies will lead to continued, or even  
20 accelerated, degradation of Newport's systems. Operating supplies are critical for maintaining  
21 essential infrastructure, supporting day-to-day operations, and addressing ongoing wear and  
22 tear. Without adequate funding, Newport will face increased challenges in maintaining system  
23 reliability, which could result in higher long-term costs due to deferred maintenance and  
24 emergency repairs. For instance, Mr. Morgan's testimony states that "In one instance, NWD is  
25 seeking to recover \$500 for Mechanical Seals and Packing that would cost \$5,295 at current  
26 prices. This is a 1000% increase in cost. Respectfully, I do not believe this is a realistic  
27 proposition." However, over the past two fiscal years, a total of \$20,352.64 has been spent on

1 mechanical seals and packing, with \$19,399.00 incurred in FY24 and \$991.00 in FY23. These  
2 figures highlight the extreme variability in costs and the scope of work, as FY24 represents the  
3 replacement of seals and packing for one of our larger pumps, while FY23 reflects work  
4 completed on smaller-class pumps. Based on historical data, we estimate that, at a minimum,  
5 one pump requires seal and packing replacement per fiscal year. However, this approach  
6 provides no funding for preventative maintenance and addresses only urgent repairs. By  
7 averaging the costs over the two fiscal years, we estimate an annual requirement of \$10,195.00  
8 to maintain the current standard. It is important to note that this figure does not account for  
9 any preventative maintenance, which is critical to extending the lifespan of the equipment.

10

11 **Laboratory Supplies (Account 50399)**

12 **Q. Do you agree with the Division's proposed adjustment for Laboratory Supplies?**

13 A. No, Newport has provided detailed documentation supporting the proposed rate year  
14 expense, including planned replacements of specific equipment, such as a spectrophotometer.  
15 While Mr. Morgan's testimony correctly notes that certain equipment, like the  
16 spectrophotometer, will not require annual replacement, it is essential to recognize that other  
17 equipment will inevitably fail or become obsolete, necessitating yearly replacements. Such  
18 funding balances the expense over time and eliminates the large one-time expenditures.  
19 Furthermore, Newport has outlined the expanding regulatory compliance requirements and the  
20 increased frequency of analyses, demonstrating that reliance solely on historical expenditure  
21 patterns would fail to fund the required level of service adequately.

22

23 **Chemicals (Account 50335)**

24 **Q. The Division has suggested a reduction of \$132,546 in chemical expense. Do you agree?**

25 A. No. I do not. Chemicals are perhaps Newport Water's most important expenditure. Without  
26 chemicals, we cannot provide proper treatment and cannot deliver potable water. The balance  
27 in the restricted account went down to \$83,827.17 in July, and Newport cannot run out of

1 funds to purchase chemicals. In addition, a five year average of historical usage is not  
2 appropriate in the face of the continued degradation of Newport’s Water supply. Furthermore,  
3 this account includes expenses for Granular Activate Carbon (GAC), which is used for advanced  
4 treatment. As of November 19, 2024, we have a total of 12 depleted vessels that need GAC  
5 regeneration or replacement. As proposed, the rate year only includes funding for eight  
6 replacements. As such, Newport cannot afford a cut in funding for this account.

7

8 **Service Maintenance (Account 50296)**

9 **Q. Do you agree with the Division’s final expense adjustment, which is to the Service**  
10 **Maintenance Account?**

11 A. Mr. Morgan indicated that Newport had not justified the proposed \$57,230 increase in this  
12 expense, but also cited Newport’s response to Div. 3-22(j), which asked for support for this  
13 increase. In that response we stated that:

14 “The service maintenance will be expanded to include approximately 20 self-performed  
15 service line replacement mains to curb stops. The following is an estimate for a 1”  
16 Service: parts and materials totaling \$2,681.63.”

17

18 We then listed the individual costs that comprised the \$2,681.63. When this overall cost of  
19 \$2,681.63 is multiplied by 20 additional service line replacements, the total cost is \$53,632.60,  
20 which is only \$3,597.40 less than the amount proposed by Newport, and it is crucial to  
21 recognize that each replacement's cost will vary depending on factors such as size, length, and  
22 site-specific complexities.

23

24 It should also be noted that the Lead Service Line Replacement Program, as required by Rhode  
25 Island law, has been initiated, and we anticipate a significant escalation in associated costs as  
26 the program advances. The current request includes funding to support supplies for 20  
27 replacements annually, but this represents only a small fraction of the program’s long-term  
28 requirements. As the program scales up to meet compliance mandates and public health

1 objectives, service maintenance and capital expenditures will inevitably increase far beyond the  
2 levels proposed in this rate case. This initial funding is a critical step toward program  
3 implementation but will need substantial adjustments in future years to ensure compliance and  
4 successful execution.

5

6 **DIVISION PROPOSAL - NEWPORT'S MULTI-YEAR RATE INCREASE**

7 **Q. Do you agree with the Division's suggested revision to Newport's proposed multi-year**  
8 **increase?**

9 A. No. In Mr. Morgan's direct testimony he states:

10

11 "This case was filed seeking the first step of the increase (the initial increase) to become  
12 effective on July 1, 2024, with the remaining three step increases becoming effective on  
13 July 1, 2025, 2026, and 2027. Since the initial increase has been suspended, and the case  
14 is scheduled to be decided after January 2025, it would be unsuitable to have two rate  
15 increases back-to-back during 2025. Moreover, it is probable that the AFSCME contract  
16 negotiations will be concluded before the case is decided. Therefore, I am  
17 recommending a three-step multi-year rate plan instead of the proposed four-year  
18 plan."

19

20 Unfortunately, it does not appear that AFSCME contract negotiations will be concluded before  
21 the case is decided. As Newport noted in response to Middletown Data Request 1-1, which was  
22 answered after the Division's testimony was filed, negotiations have not yet begun. Thus, it is  
23 more likely that a new contract will not be negotiated until after this case is decided in February  
24 2025. It is more likely that a new contract will be agreed on at some point *after* July 1, 2025,  
25 which is the start of FY26. Thus, if a new contract is not negotiated until FY2026, Newport  
26 would not be able to pay for the salary increases, including any retroactive payments, if the  
27 second step of the rate increase does not take effect until FY2027 as proposed by the Division.  
28 Thus, it is Newport's position that the current proposal should remain in effect. Newport will  
29 not seek to implement a rate increase in FY2026 until the contract is negotiated, so it is unlikely  
30 that two rate increases will go into effect "back to back" as suggested by the Division.



1 **III. PORTSMOUTH’S DIRECT TESTIMONY**

2 **Q. Mr. Mumm recommends eliminating the restricted accounts for Chemicals, Electricity and**  
3 **Revenue Reserve. Do you agree with this recommendation?**

4 A. Yes, I do. As noted in my testimony above, the balance in the chemical account fell to  
5 \$83,827.17 in July, and unrestricting these accounts would provide Newport with more  
6 flexibility when faced with cash flow issues and consumption that is lower than forecasted.

7

8 **Q. Mr. Mumm also recommends that Newport transfer its restricted Capital Account to an**  
9 **interest bearing account. What is your position on this?**

10 A. I agree with Mr. Mumm’s suggestion that the Capital funds be moved to an interest bearing  
11 account.

12

13 **Q. Mr. Mumm recommends that the funding for Newport’s Debt Service Account be reduced**  
14 **to account for interest earned and to reduce the overall amount funded. Do you agree?**

15 A. No, I do not. Newport has addressed this topic in response to several data requests and our  
16 position remains the same. In response to PWFD 3-2, we stated:

17

18 “In the past Newport has experienced revenue shortfalls due to lower than expected  
19 water sales that have prevented the periodic funding of its restricted accounts, including  
20 the Debt Service Restricted account. Maintaining a meaningful balance in the Debt  
21 Service Restricted account is important to ensure that debt service payments can be  
22 made even if Newport experiences revenue shortfalls. This is especially important  
23 because Newport makes large payments in August of each fiscal year, and the necessary  
24 funds must be available when those payments are due. In addition, Newport’s CIP  
25 shows a number of unknown funding sources for several capital projects. If any of these  
26 projects are debt funded, a portion of the restricted balance could be used to offset rate  
27 increases for increased debt service funding while also allowing Newport to maintain an  
28 adequate balance in case of revenue shortfalls.”

29

30

31

1 In response to PWFD 3-4, we stated, in part:

2 “Please refer to Newport’s responses to PWFD 2-2, which includes Newport’s CIP Plan  
3 and funding sources. There are several projects for which the funding source is unknown  
4 at this time. There are a number of variables that impact the uncertainty around future  
5 funding options including borrowing capacity from the Rhode Island Infrastructure Bank  
6 (RIIB) or other alternative sources, affect our ability to predict future debt service  
7 obligations. As noted in my direct testimony regarding lead service line replacement:

8  
9 “The law mandates that any private side service line found to contain lead or galvanized  
10 steel must be replaced within the next decade. At this point, Newport Water does not  
11 know if outside funding (other than through rates) will be available to meet this  
12 mandate.”

13  
14 It is almost certain that some future capital projects will be funded with debt. Unfortunately,  
15 we cannot predict how much will be debt funded. However, any available balance in the debt  
16 service account can be used to offset the funding required for any future borrowings. Newport  
17 is not in favor of reducing funding now, only to have to raise it in the near future. This is  
18 especially true because the funds in this account cannot be used for any other purpose.

19

20 **Q. Mr. Mumm also suggests a reduction in funding for the Retiree Insurance Restricted**  
21 **Account. Do you agree with his suggestion?**

22 A. As noted above in my testimony, Newport agrees with the Division’s proposed adjustments  
23 for this account.

24

25 **Q. Do you agree with Mr. Mumm’s suggestion for a “rate rider” for electric and chemical**  
26 **costs?**

27 A. It is hard to say. Mr. Mumm suggests:

28

29 “... a rate rider, a rate that Newport would have to justify with additional filings on an  
30 annual or more frequent basis. The idea of a rate rider is to establish an extra charge,  
31 separate from the general rates to account for unpredictable expenses, like those for  
32 electricity and chemicals. The additional filings should include cost justification for any  
33 changes to the rider. As those costs increase, the rider would increase. Likewise, the

1 rider would decrease with the underlying costs as market conditions change.” (Mumm  
2 Direct, pp. 12-13)

3  
4 Newport needs more detail on a number of issues, including how often these filings would be  
5 made; when they would be made; how they would be made; what information they would  
6 include; and, whether they would look at past expenses or future anticipated expenses, etc.  
7 Based on the current lack of detail, Newport cannot agree to a rate rider.

8  
9 **Q. Mr. Mumm states that “ Although Newport Water attempted to provide some explanation  
10 for the substantial increases in at least some of these categories, both in the Pre-Filed Direct  
11 Testimony of Robert Schultz and through responses to data requests, those explanations do  
12 not provide substantive information.” Do you agree with this statement?**

13 A. No. I do not. I believe that is an unfair characterization. Newport submitted the same Cost of  
14 Service Model in this Docket that has been developed over many years and many Dockets. I  
15 understand this is Mr. Mumm’s first time representing Portsmouth, but the Portsmouth Water  
16 and Fire District has been perhaps the most active participant in the development of this Cost  
17 of Service Model. Newport has presented its financial information in this Docket as it always  
18 has. In addition, Newport has responded to multiple data requests and has done its best to be  
19 responsive and to provide whatever information has been requested. As I indicated in my  
20 testimony above, Newport has not sought a rate increase for Operation & Maintenance  
21 expenses in five years, and Newport has not applied a general inflationary increase to each  
22 expense.

23  
24 Mr. Mumm also states that: “For example, the increases in Salaries and Wages and Employee  
25 Benefits are explained by the purported need for additional personnel. But, in response to data  
26 request Comm. 1-2, Newport Water demonstrated that it has not even been able to fill the  
27 positions it already has authorized.” (Mumm Direct, p. 14) This logic puts Newport in a Catch-22  
28 position – Newport can’t hire for these positions if it doesn’t have funding, but since these

1 positions have not yet been filled Newport should be denied funding. Newport continues to try  
2 and fill these positions, and its inability to do so thus far is not evidence that Newport is not  
3 providing substantive information to support its rate year revenue request.

4  
5 Mr. Mumm then states that “there is a reasonable likelihood that market shifts will result in  
6 decreased supply costs over the life of the rate plan”, but does not provide any support for this  
7 statement. (Mumm Direct, p. 14) Newport has to deal with expenses as they currently exist.  
8 Newport cannot ask for less revenue to meet current expenses based on an assumption that  
9 costs will decrease in the future.

10

11 Finally, Mr. Mumm states:

12

13 “And, with some of the other significant increases – by percentage – over the test year,  
14 Newport Water does not even provide an explanation – having elected to do so only for  
15 those increases in excess of \$30,000. Nevertheless, customers should not be saddled  
16 with unexplained costs for things such as Conferences and Training, Uniforms &  
17 Protective Gear, Laboratory Supplies, and Office Supplies. Unless Newport Water  
18 provides a reasonable justification for these costs, the Commission should not allow any  
19 increase from the test year expense.” (Mumm Direct, p. 15 )

20

21 First, Mr. Mumm is correct that Newport chose a demarcation point in its direct testimony,  
22 which is common not only to Newport, but other regulated utilities as well. Second, when any  
23 party to this Docket had a question about expenses (addressed in direct testimony, or not)  
24 Newport has provided justification. Third, Mr. Mumm has not offered any position of his own  
25 about why certain expenses are not justified, or what expense levels should be.

26

27

28

29

1 **Q. Mr. Mumm argues that “Newport Water should seek approval of its step increase filings**  
2 **[so] that the additional costs associated with the new collective bargaining agreements are**  
3 **fair and reasonable” otherwise Newport Water will have “no incentive... to negotiate in the**  
4 **benefit of its ratepayers.” Do you agree with this testimony?**

5 A. No. First, pursuant to R.I.G.L. § 39-15.1-4, Newport is required to seek approval of its step  
6 increases from the Commission. Newport has implemented multi-year rate increases in past  
7 Dockets in which Portsmouth has been a party, and we have always submitted compliance  
8 filings. As set forth in the statute:

9  
10 “The proposed rate change shall be effective sixty (60) days after the notice to the  
11 commission and the division, unless the commission shall decide that the proposed rate  
12 increase **may be unreasonable** or inconsistent with the approved plan, in which case  
13 the commission shall hold a hearing on the proposed rate increase and may approve, or  
14 reasonably amend the proposed rate increase.” (emphasis added)

15  
16 So, the Commission, and the intervening parties can always weigh in on whether a step increase  
17 is unreasonable. Furthermore, Newport has only included 1% increase placeholders for the step  
18 increases associated with the union contracts. If the increases negotiated in the contracts are  
19 more than 1%, Newport’s compliance filings would have to request a modification of these  
20 proposed increases, which requires Commission approval.

21  
22 More important, however, is Mr. Mumm’s unsupported suggestion that Newport would not  
23 negotiate in the best interest of its ratepayers without such a compliance mechanism. This is  
24 categorically false. Again, Newport has held the line on its expenses over the past five years,  
25 and in running this utility, we always strive to act in the best interests of our ratepayers.

26  
27

1 **Q. In a data response, Mr. Mum suggests that Newport would have a greater incentive to**  
2 **negotiate for the benefit of ratepayers if it had to absorb the cost of any negotiated increases**  
3 **in existing rates. Do you agree with this?**

4 A. No. Mr. Mumm’s response to NWD 1-2 stated:

5 “However, if Newport Water does not have a placeholder and guaranteed true-up  
6 mechanism for its eventual negotiated labor costs and, instead, must absorb whatever  
7 costs it negotiates with the unions into its approved rates, it would have a greater  
8 incentive to negotiate for the benefit of ratepayers because Newport Water would not  
9 have the ability to adjust rates to account for the outcome of those negotiations.”  
10

11 Again, there is absolutely no factual basis to assume that Newport would not negotiate in the  
12 best interest of its ratepayers. Furthermore, Newport cannot simply “absorb” increases in  
13 salary and wage expenses. If Newport does not have sufficient revenues to cover salary  
14 increases, it will have to use revenues approved for other operation and maintenance expenses  
15 to cover the salary increases. This would require Newport to file another full rate case. This only  
16 increases expense for Newport’s ratepayers. The multi-year compliance filing mechanism  
17 allows Newport to address the increases needed for salaries and wages without having to file  
18 full rate cases.  
19

20 **Q. Finally, Mr. Mumm indicates that Portsmouth has not prepared an alternative revenue**  
21 **requirement or rate model. Is this a problem?**

22 A. Yes. The procedural schedule in this Docket was established so that the intervening parties  
23 were given a deadline to set forth their responses to Newport’s direct case through their direct  
24 testimony. Then, Newport could respond to issues raised in the interveners’ direct testimony  
25 through rebuttal testimony. Finally, the interveners were afforded the chance to respond to  
26 Newport’s rebuttal position though surrebuttal testimony. If Portsmouth ultimately creates a  
27 rate model in its surrebuttal testimony that addresses issues that could have been raised in its  
28 direct testimony, Newport will have no chance to respond. Thus, Newport reserves the right to

1 respond to issues raised in Portsmouth’s surrebuttal that it could have, and perhaps should  
2 have, raised in its direct testimony.

3

4 **IV. TOWN OF MIDDLETOWN’S PROPOSALS**

5 **Q. Mr. Russell claims that Newport’s rates are higher than those of other utilities in Rhode  
6 Island and Connecticut. Do you believe this is a fair comparison?**

7 A. No, I do not. Mr. Russell presents the rates of these utilities as though they can be compared  
8 to Newport’s on an apples to apples basis, which they cannot. Mr. Russell made a similar  
9 comparison in Docket 4933, but as he acknowledged in his response to Newport Data Request 1-  
10 2 d. in that Docket: “Clearly comparisons with a particular utility are not useful unless the  
11 circumstances are very similar.” Mr. Russell’s testimony in this Docket does not contain any  
12 details about the other utilities that would indicate their circumstances are “very similar” to  
13 Newport’s. Furthermore, he once again does not seem to recognize the uniqueness of Newport’s  
14 system, which was addressed in detail in the Docket 4933 rebuttal testimony of Julia Forgue, the  
15 former Director of Utilities for the City of Newport. In fact, he states that his comparison “... was  
16 a random sample of water charges paid by residential customer in the neighboring State of  
17 Connecticut. It was not intended to only show systems that were exactly the same as Newport  
18 Water.” (Middletown Response to NWD 1-2)

19

20 **Q. Can you elaborate on Newport’s uniqueness?**

21 A. Yes. This topic was covered in Newport’s rebuttal testimony in Docket 4933 when responding  
22 to Mr. Russell’s direct testimony, and Newport will address it again here.

23

24 Newport’s primary distinguishing feature is its multiple complex water sources and significant  
25 treatment challenges, which I will explain in more detail:

26

27

1           **Raw Water Quality**

2           Unlike most systems that use a single water source, Newport Water relies on nine  
3           reservoirs:

- 4           • North and South Easton ponds (Middletown and Newport);
- 5           • Gardiner Pond (Middletown);
- 6           • Paradise Pond (Middletown);
- 7           • St. Mary’s Pond (Portsmouth),
- 8           • Sisson Pond (Portsmouth);
- 9           • Lawton Valley Reservoir (Portsmouth);
- 10          • Nonquit Pond (Tiverton); and,
- 11          • Watson Reservoir (Little Compton)

12  
13          All of these supplies, with the exception of the Watson Reservoir, are very shallow and  
14          all nine supplies have a wide range of water quality and exhibit degraded water quality  
15          with moderate to severe nutrient enriched conditions, frequent algal blooms,  
16          cyanobacteria blooms, and low levels of dissolved oxygen.

17  
18          Newport faces significant challenges with raw water quality, most likely the worst in the  
19          state. As noted in my testimony above, crystal-clear water typically has a turbidity level  
20          below 1 nephelometric turbidity unit (NTU), while water becomes visibly cloudy at 4 NTU.  
21          From 2016 to the previous rate case, Newport's raw water averaged 4.06 NTU. This  
22          average has since deteriorated to 7.58 NTU. For context, the best turbidity recorded  
23          during this period was 0.64 NTU from Watson, while the worst was at 70 NTU or greater.

24  
25          Drinking Water Regulations require that treated water not have a turbidity higher than  
26          1.0 NTU at the plant outlet and all samples for turbidity must be less than or equal to 0.3



1 NTU for at least 95 percent of the samples in any month. Newport Water has  
2 maintained compliance with the Turbidity standard despite our raw water quality issues.  
3

4 **Surface Water vs. Groundwater**

5 Furthermore, as Newport pointed out in Docket 4933, some of the systems Mr. Russell  
6 used for comparison (i.e. Kent County Water, Suez Water, East Lyme CT, Groton CT, and  
7 Ledyard CT) are supplied by groundwater, whereas Newport is supplied by surface  
8 water. Thus, these systems don't present an apples to apples comparison. While both  
9 surface and ground water can carry contaminants, surface water is much more prone to  
10 contamination. Ground water contains less contamination and disease causing  
11 microorganisms than surface water because the soil structure acts like a filter removing  
12 contaminants. Newport's surface water supplies are also susceptible to contamination  
13 from storm water runoff from the developed watersheds that drain to the reservoirs.  
14 Any comparison of Newport's raw water supplies to a water system wholly or partially  
15 supplied by groundwater is not a fair comparison.  
16

17 **Treatment Complexity**

18 Newport uses a complex treatment process that requires the right combination of  
19 treatment processes at two plants to treat water coming from multiple sources. This  
20 process consists of preoxidation (using chlorine dioxide), clarification (using dissolved air  
21 flotation or "DAF"), conventional filtration (granular activated carbon), advanced water  
22 treatment (AWT), disinfection (using chlorine), and treatment (adjustment of the pH) to  
23 control the corrosivity of the water. For advanced water treatment (AWT), granular  
24 activated carbon (GAC) contactors were selected to target enhanced removal of TOC for  
25 disinfectant by product compliance (TTHMs). The Advanced Water Treatment (AWT)  
26 system is also highly effective in removing PFOS and PFOA, which are now regulated  
27 contaminants. The extent to which AWT is required for regulatory compliance depends

1 on the testing results of raw water supplies, ensuring targeted and efficient treatment  
2 based on contamination levels. In fact, we are the only water system in Rhode Island  
3 that requires AWT in the treatment process. The fact that Newport Water depends on  
4 the AWT for approximately three quarters of the year to treat the water supplies to  
5 meet compliance illustrates the challenges we face with raw water supplies.

6  
7 Through monitoring and analysis, Newport Water maximizes conventional treatment to  
8 provide the highest quality water possible and uses the AWT process as needed to meet  
9 drinking water standards. This is not a simple process and is affected by multiple  
10 independent variables (e.g. Turbidity, pH, TOC, temperature, wind direction, biological  
11 composition and diversity of the source, etc.) Some of these variables such as the  
12 biological composition and diversity of the source are too complex, time consuming and  
13 expensive to use in the treatment optimization. Therefore, surrogate parameters are  
14 analyzed (e.g. TOC, UV254, pH, Turbidly) to allow for rapid optimization of source water  
15 supplies, conventional treatment, and utilization of AWT.

16  
17 **Q. Are there any other factors that impact Newport's rates in comparison to other utilities?**

18 A. Yes. Mr. Russell stated that his comparison "was intended to simply show that like its  
19 counterparts in Rhode Island, many, if not most of the communities in both states pay a lot  
20 more for water service than what residential customers of Newport Water pay for the same  
21 level of potable water..." (Middletown Response to NWD 1-2) However, in addition to his lack  
22 of analysis regarding treatment related expenses incurred by those communities, he also does  
23 not provide any analysis of the level of capital infrastructure investment made by those  
24 communities.

25  
26 Newport has made substantial capital investments over the past ten years. As the Commission  
27 will recall, since 2008, Newport had been planning significant capital projects at its two water

1 treatment plants – Lawton Valley and Station One. The projects included the design and  
2 construction of a new Lawton Valley Water Treatment plant and significant improvements to  
3 the Station One Water Treatment Plant (collectively the “WTP Projects”). The WTP Projects  
4 addressed anticipated future water quality regulations, treatment capacity, and reliability  
5 needs. The Commission approved funding for the WTP Projects primarily in Docket 4243, which  
6 allowed Newport to increase rates through a multi-year rate increase to service the necessary  
7 debt. The Station One Plant went into full scale operation on July 31, 2014, and the new Lawton  
8 Valley Plant went into full scale operation on September 17, 2014, both ahead of schedule. The  
9 final cost of the WTP Projects was \$71,136,433, which necessarily impacted rates. Degradation  
10 of raw water supplies has also necessitated a shift in operational conditions, increasing reliance  
11 on pumped sources and Advanced Water Treatment (AWT) systems to meet quality and  
12 regulatory standards.

13

14 In sum, Mr. Russell’s comparisons of Newport’s rates to other utilities should be disregarded  
15 because as he acknowledges: “No where in my testimony did I state that comparison of water  
16 rates among utilities should be used as a factor by a regulatory body in setting rates.”

17 (Middletown Response to NWD 1-2)

18

19 **Estimated Sales**

20 **Q. Can you please respond to Mr. Russell’s potential concerns regarding the estimated rate**  
21 **year sales.**

22 A. Yes. Mr. Russell focuses solely on the prospect of rate year sales being higher than  
23 forecasted, rather than sales being lower than forecasted. He states:

24

25 “If the consumption levels used to estimate the rate revenues in the rate year turn out  
26 to be significantly higher than expected (i.e., the estimated levels proposed by the  
27 NWD), then the NWD will collect more revenues than it needs (all else being equal).  
28 And, ratepayers would be stuck with rates for water service that would be higher than  
29 they need to be.” (Russell Direct, pp. 11-12)

1 What is left unsaid is that if the consumption levels used to estimate the rate revenues in the  
2 rate year turn out to be significantly *lower* than expected (i.e., the estimated levels proposed by  
3 *Middletown*), then Newport will collect *less* revenues than it needs (all else being equal). And,  
4 *Newport* would be stuck with rates for water service that would be *lower* than they need to be,  
5 which would necessitate Newport having to file another rate case to adjust consumption levels.  
6 I also refer to Mr. Smith’s testimony on this topic and his updated consumption analysis.

7

8 **Proposed New Positions**

9 **Q. Do you agree with Mr. Russell’s recommendation that Newport delay hiring one or more**  
10 **of the open positions for two years?**

11 A. No. As Mr. Rusell acknowledged, the impact of his proposal on rates would be “relatively  
12 small.” (Middletown Response to NWD 1-3) These savings would be even smaller given Mr.  
13 Russell’s suggestion that “To the extent it aids in makes (sic) such a delay possible, NWD should  
14 consider increasing its use of part time employees...” (Russell Direct, p. 13) Thus, the impact of  
15 the net savings realized by using part time employees would be immaterial. On the other hand,  
16 as I have testified above, Newport needs to fill its open positions – the Utility Locator/Damage  
17 Prevention Technician position and the two Utility Operator positions – as soon as we identify  
18 qualified candidates without incorporating an arbitrary delay of two years. As we noted in our  
19 response to Midd. 1-3 (e), “Newport cannot control the timing of hiring and once a qualified  
20 candidate is identified, it is in Newport’s best interest to hire such a candidate.” Furthermore,  
21 as noted in my direct testimony, only 60% of the Utility Locator/Damage Prevention Technician  
22 is allocated to the Water Division, the remaining 40% is allocated to Water Pollution Control.  
23 Nevertheless, as noted above, Newport has made a proposal to account for normal vacancies in  
24 its overall salary and wage request.

25

26

27

1 **Newport's CIP Funding Plan**

2 **Q. Do you agree with Mr. Russell's suggested changes to the Newport's Capital Plan and**  
3 **funding of the Capital Plan?**

4 A. No. Mr. Russell testified:

5  
6 "There are at least three Major Fixed Asset Capital projects that NWD plans to start in  
7 the short run that will be funded with current revenues. These are a rehabilitation of a  
8 system Dam, Systemwide Main Improvements and the Forest Avenue Pump Station.  
9 One or more of these projects could be debt funded instead, which would spread the  
10 associated costs over many years instead of just a few. The short-term costs of financing  
11 either of these projects would be considerably lower than the annual expenses paid  
12 from current (pay as you go) revenues under the cash option that NWD proposes. The  
13 total cost of the project would likely be greater in the long-run under the financing  
14 option, but after factoring in the time vale (sic) of money, the difference is likely to be  
15 relatively small." (Russell Direct, p. 16)

16  
17 First, Mr. Russell did not provide any analysis of how this proposal will save money or reduce  
18 rates over the long term in his direct testimony, or in his response to NWD 1-5. He  
19 acknowledges that funding these projects through debt will result in greater total costs in the  
20 long term. He then states that after factoring in the time value of money, the difference is  
21 "likely to be relatively small", but does not provide any analysis to support this theory, and did  
22 not provide any details to support this claim in the response to NWD 1-5. Rather, his response  
23 to NWD 1-5 primarily repeats his direct testimony. He also cites to his analysis regarding capital  
24 funding in Docket 4933 that has no application to this Docket, and to which Newport disagreed  
25 in Docket 4933.

26  
27 Second, Newport has been collaborating with various partners to explore future options for  
28 addressing critical infrastructure needs. The capital plan highlights several projects with  
29 uncertain funding sources, suggesting that significant debt issuance will likely be required.  
30 Currently, the projects being advanced using "pay-as-you-go" funding are relatively modest  
31 compared to larger initiatives, such as the estimated \$105 million needed for lead service line

1 replacements or \$45 million for upgrades at Easton’s Pond. By leveraging "pay-as-you-go" funds,  
2 Newport is prioritizing early-phase and smaller projects to position itself for greater benefits once  
3 additional funding is secured. However, considering the five- and twenty-year capital planning  
4 horizons, relying solely on debt to fund these projects would delay implementation without  
5 reducing the overall costs.

6

7 **Q. Mr. Russell also suggests that Newport should delay one or more of these projects for at**  
8 **least two years. Do you agree with this suggestion?**

9 A. No. Mr. Russell states that: “The postponement of one or two projects would lower NWD’s  
10 total Revenue requirements by several hundred thousand dollars in the rate year and possibly  
11 the following year.” (Russell Direct, p. 17) What this proposal does not account for is that  
12 delaying capital projects usually results in higher construction and interim maintenance costs,  
13 which ultimately results in higher rates for customers. Furthermore, Newport has a capital plan  
14 with numerous capital projects, and as noted in Newport’s response to Midd. 1-5:

15

16 “...there are several additional projects whose funding source is unknown, which may be  
17 funded in part through rates rather than debt. In addition, the CIP shows increasing  
18 amounts of rate funded capital projects in later years. As noted in response to PWFD 3-  
19 9, the request for \$3,300,000 in annual funding for the Capital Restricted account is  
20 based on the six-year average of rate funded capital projects in the CIP for FY 2024-  
21 FY2029. Newport needs to start collecting this amount in the rate year so that it has  
22 sufficient funds to meet its rate funded capital needs.”

23

24 Thus, Newport’s request to increase contributions to its Restricted Capital Account by \$800,000  
25 to an annual level of \$3,300,000 only represents the six-year *average* of rate funded capital  
26 projects in Newport’s capital improvement plan. Delaying one or two projects is not going to  
27 reduce Newport’s need to increase funding of its restricted capital account.

28

29

30

1 **Cost of Service Based Rates**

2 **Q. Mr. Russell suggests that there may be reasons to deviate from cost of service based rates**  
3 **under certain circumstances. Does Newport have a position on whether the rates set in this**  
4 **Docket should deviate from the cost of service model that has been developed by Newport?**

5 A. Yes. As noted in Mr. Smith’s direct testimony, the Commission ordered Newport to develop a  
6 full cost of service study in 2007. The development of this cost of service study was a long and  
7 arduous process. In fact, it was not until the step two increase in Docket 4933, which became  
8 effective for FY 2023, that true cost of service rates went into effect. Newport stated as follows  
9 in response to Midd. 1-22:

10

11 “For many years and through many Dockets, Newport developed a Cost of Service  
12 Model in an attempt to move toward true cost of service rates. In the Docket 4933  
13 Settlement Agreement, the parties, including Middletown, agreed that Newport would  
14 finally move toward true cost of service rates. This was done in Newport’s Step Two  
15 Compliance filing submitted to the Commission on April 29, 2022. Thus, true cost of  
16 service rates have only been in effect for a little over two years. There is no reason to  
17 move away from true cost of service rates at this time, and “phasing-in” rates means  
18 that one class of customers would be subsidizing another class. As such, Newport  
19 disagrees with the proposal set forth in the request.”

20

21 Newport stands by this position.

22

23 **Rate Design**

24 **Q. Do you agree with Mr. Russell’s suggestion that Newport consider a two or three block**  
25 **inclining block residential rate structure?**

26 A. No. Mr. Russell has not demonstrated the need for this structure or how it would specifically  
27 be implemented.

28

29

30

31

1 **Lifeline Rate/Low Income Discount**

2 **Q. Do you have any comments on Mr. Russell’s suggestion that Newport implement a lifeline**  
3 **rate or a discount to low income customers?**

4 A. Yes. Mr. Russell made the same proposal in his Docket 4933 direct testimony. However, it did  
5 not appear he examined the need for such a rate or discount, and he did not provide enough  
6 detail about how it would be implemented or how it would affect the rates of Newport’s other  
7 customers. (See Docket 4933, Middletown’s Response to Newport Water’s Data Requests 1-33  
8 through 1-35) This pattern has repeated in this Docket. (Middletown Responses to NWD 1-11,  
9 1-12 and 1-13) Furthermore, in that Docket, Mr. Russell was asked if he was aware of any law  
10 that would allow or prevent Newport from offering a “lifeline rate or a discount percentage to  
11 low income customers.” In response, he cited R.I.G.L. § 39-2-5 – Exceptions To Anti-  
12 Discrimination Provisions as a law that could allow or prevent Newport from implementing such  
13 rate or discount. (See Docket 4933, Middletown Response to NWD 1-32) However, in this  
14 Docket, when answering the same data request, he indicates that he is not aware of any laws  
15 that would allow or prevent Newport from offering a “lifeline rate or a discount percentage to  
16 low income customers.” As noted in Docket 4933, it is Newport’s understanding that R.I.G.L. §  
17 39-2-5 *does* apply, and the Division would have to approve any such rate or discount pursuant  
18 to that statute. It is unknown whether Middletown has had any discussions with the Division  
19 about such a rate or discount, and this issue was not raised in the Division’s testimony.

20

21 **Middletown Supplemental Testimony**

22 **Q. Do you have any comment on Mr. Russell’s suggestion that he may have to file**  
23 **supplemental testimony?**

24 A. Yes. Mr. Russell indicates that he may have to file a supplement to his direct testimony  
25 because, among other things, “Responses to several information requests were not received  
26 prior to the required filing date of this testimony.” I would note that the only data responses  
27 outstanding when Middletown filed its direct testimony on October 25, 2024 were Newport’s



1 responses to Middletown’s First Set Of Data Requests, but Middletown did not issue those  
2 requests until October 8, 2024 despite having filed its intervention motion on July 25, 2024.

3

4 In addition, Newport asked that Middletown provide a table in the same form as HJS Schedule  
5 A-2A that showed the results of the recommendations set forth Mr. Russell’s direct testimony.

6 Middletown’s response was:

7 “Middletown has not yet prepared an alternative revenue requirement reflecting its  
8 position, due to the fact that it is continuing to evaluate the magnitude of some of its  
9 proposed adjustments and expects to receive further information through testimonies  
10 of other parties and from Newport Water. If this matter proceeds to a fully litigated  
11 case, Middletown will consider providing this analysis at an appropriate time.”  
12 (Middletown Response to NWD 1-8)

13

14 I refer to my testimony above addressing Portsmouth’s proposals, and Newport reserves the  
15 right to object to any supplemental direct testimony or surrebuttal testimony that raises issues  
16 for the first time when those issues could have been raised in Middletown’s direct testimony.

17

18 **V. CONCLUSION**

19 **Q. Does this conclude your rebuttal testimony?**

20 A. Yes it does.

21

22

**City of Newport Water Department  
Adjustment to Payroll Expenses  
Administration Salaries & Wages  
For the Rate Year Ended June 30, 2025**

Description	(A) 7/1/2024 Amount + Longevity	(B) Allocated to WPC Admin	(C) Net Amount to Water Admin	(D) Total Salaries + Longevity as of 11/18/2024	(E) Allocated to WPC Admin	(F) Net Amount to Water Admin
<b>1 Administrative Salaries &amp; Wages</b>						
2 Dep.Dir., Util/AssocDirFin-Util	101,317	(40,527)	60,790	106,205	(42,482)	63,723
3 Financial Analyst	81,195	(32,478)	48,717	83,566	(33,426)	50,140
4 Executive Assistant	-	0	-	65,000	(26,000)	39,000
5 Director of Utilities	156,853	(62,741)	94,112	180,000	(72,000)	108,000
6 Dep.Dir., Util	-	0	-	126,414	(50,566)	75,848
7 Utilities Infrastructure Asset Manager	97,324	(38,930)	58,395	94,953	(37,981)	56,972
8 Parts/Invent Control Tech	63,341	(25,336)	38,005	60,466	(24,186)	36,280
9 Utilities Engineer	91,021	(36,408)	54,612	89,867	(35,947)	53,920
10 Special Projects	82,363	(32,945)	49,418	68,179	(27,272)	40,907
11 <b>Total per Division</b>	<b>673,414</b>	<b>(269,365)</b>	<b>404,048</b>			
12 <b>Total per NWD</b>			<b>552,243</b> *	<b>874,650</b>	<b>(349,860)</b>	<b>524,790</b>
13 <b>Adjustment to Salaries &amp; Wages</b>			<b>(148,195)</b>			

\* Amount from 8.30.24 Revised Rate Model

**City of Newport Water Department  
Adjustment to Payroll Expenses  
Customer Service Salaries & Wages  
For the Rate Year Ended June 30, 2025**

Description	(A) 7/1/2024 Amount + Longevity	(B) Allocated to WPC Admin	(C) Net Amount to Water Admin	(D) Total Salaries + Longevity as of 11/18/2024	(E) Allocated to WPC Admin	(F) Net Amount to Water Admin
<b>1 Customer Service Salaries &amp; Wages</b>						
2 Meter Repairman/Reader	62,363		62,363	63,882		63,882
3 Meter Repairman/Reader	60,918		60,918	63,605		63,605
4 Meter Repairman/Reader	55,731		55,731	54,617		54,617
5 Laborer	47,979		47,979	47,939		47,939
6 Water Meter Foreman	72,708		72,708	75,979		75,979
7 Prin. Account Clerk	55,709		55,709	54,617		54,617
8 Billing Clerk	47,652	(19,061)	28,591	46,718	(18,687)	28,031
9 <b>Total per Division</b>	<b>403,060</b>	<b>(19,061)</b>	<b>383,999</b>			
10 <b>Total per NWD</b>			<b>400,707</b> *	<b>407,357</b>	<b>(18,687)</b>	<b>388,670</b>
11 <b>Adjustment to Salaries &amp; Wages</b>			<b>(16,708)</b>			

\* Amount from 8.30.24 Revised Rate Model

**City of Newport Water Department  
Adjustment to Payroll Expenses  
Source of Supply Island Salaries & Wages  
For the Rate Year Ended June 30, 2025**

Description	(A) 7/1/2024 Amount + Longevity	(B) Allocated from Distribution	(C) Net Amount to Water Admin	(D) Total Salaries + Longevity as of 11/18/2024	(E) Allocated from Distribution	(F) Net Amount to Water Admin
<b>1 Source of Supply Island Salaries &amp; Wages</b>						
2 Laborer	50,182		50,182	50,493		50,493
3 Dist/Collection Operator	53,570		53,570	53,915		53,915
4 Maintenance Worker	65,714		65,714	66,680		66,680
5 Distr/Collect Foreman	70,514		70,514	72,414		72,414
6 CDL Licensed Operator	61,312		61,312	61,613		61,613
7 Super., Water Dist/Collect	101,120	(50,560)	50,560	101,120	(50,560)	50,560
8 <b>Total per Division</b>	<b>402,412</b>	<b>(50,560)</b>	<b>351,852</b>			
9 <b>Total per NWD</b>			<b>368,357 *</b>	<b>406,235</b>	<b>(50,560)</b>	<b>355,675</b>
10 <b>Adjustment to Salaries &amp; Wages</b>			<b>(16,505)</b>			
		<b>*Amount from 8.30.24 Revised Rate Model</b>				

**City of Newport Water Department  
Adjustment to Payroll Expenses  
Station One Salaries & Wages  
For the Rate Year Ended June 30, 2025**

Description	(A) 7/1/2024 Amount + Longevity	(B) Allocated to Lawton Valley	(C) Net Amount to Water Admin	(D) Total Salaries + Longevity as of 11/18/2024	(E) Allocated to Lawton Valley	(F) Net Amount to Water Admin
<b>1 Station One Salaries &amp; Wages</b>						
2 Plant Operator Gr 1	47,652		47,652	46,717		46,717
3 Water Plant Op - Grade3	-		-	52,981		52,981
4 Water Plant Op - Gr1	65,872		65,872	67,325		67,325
5 Water Plant Op - Grade 3	58,497		58,497	57,340		57,340
6 Dist/Collect Operator	58,356		58,356	67,973		67,973
7 Water Plant Op - Grade 3	56,959		56,959	57,340		57,340
8 Asst Water Treat Sup	90,522	(45,261)	45,261	96,557	(48,279)	48,279
9 Water Plant Op - Grade3	67,456		67,456	70,432		70,432
10 Water Plant Op - Grade 3	66,031		66,031	63,273		63,273
11 Water Qual/Prod Sup.	102,450	(51,225)	51,225	109,278	(54,639)	54,639
12 Water Plant Op - Grade 3	66,031		66,031	67,326		67,326
13 <b>Total per Division</b>	<b>679,825</b>	<b>(96,486)</b>	<b>583,340</b>			
14 <b>Total per NWD</b>			<b>711,449</b> *	<b>756,543</b>	<b>(102,918)</b>	<b>653,625</b>
15 <b>Adjustment to Salaries &amp; Wages</b>			<b>(128,109)</b>			

\* Amount from 8.30.24 Revised Rate Model

**City of Newport Water Department  
Adjustment to Payroll Expenses  
Lawton Valley Salaries & Wages  
For the Rate Year Ended June 30, 2025**

Description	(A) 7/1/2024 Amount + Longevity	(B) Allocated from Station One	(C) Net Amount to Water Admin	(D) Total Salaries + Longevity as of 11/18/2024	(E) Allocated from Station One	(F) Net Amount to Water Admin
<b>1 Lawton Valley Salaries &amp; Wages</b>						
2 Water Plant Op - Grade3	58,497		58,497	58,497		58,497
3 Plant Operator Gr 1	48,939		48,939	47,939		47,939
4 Water Plant Op - Grade 3	63,339		63,339	62,097		62,097
5 Water Plant Op - Grade 3	66,506		66,506	68,299		68,299
6 Water Plant Op - Gr1	55,478		55,478	55,842		55,842
7 Water Plant Op - Grade 3	61,677		61,677	60,466		60,466
8 Water Plant Op - Grade 3	66,664		66,664	68,625		68,625
9 Water Plant Op - Grade3	63,339		63,339	62,097		62,097
10 Asst Water Treat Sup - 50%	45,261		45,261	96,557	(48,279)	48,279
11 Water Qual/Prod Sup. - 50%	51,225		51,225	109,278	(54,639)	54,639
12 Water Plant Op - Grade 3	65,239		65,239	63,649		63,649
13 <b>Total per Division</b>	<b>646,164</b>	0	<b>646,164</b>			
14 <b>Total per NWD</b>			<b>638,996</b> *	<b>753,346</b>	<b>(102,918)</b>	<b>650,429</b>
15 <b>Adjustment to Salaries &amp; Wages</b>			<b>7,168</b>			

\* Amount from 8.30.24 Revised Rate Model

**City of Newport Water Department  
 Adjustment to Payroll Expenses  
 Laboratory Salaries & Wages  
 For the Rate Year Ended June 30, 2025**

Description	(A) 7/1/2024 Amount + Longevity	(B) Allocated to other Depts	(C) Net Amount to Water Admin	(D) Total Salaries + Longevity as of 11/18/2024	(E) Allocated to other Depts	(F) Net Amount to Water Admin
<b>1 Laboratory Salaries &amp; Wages</b>						
2 Laboratory Supervisor	89,992		89,992	97,671		97,671
3 Microbiologist	69,934		69,934	69,925		69,925
4 <b>Total per Division</b>	<b>159,926</b>	0	<b>159,926</b>			
5 <b>Total per NWD</b>			<b>170,663</b> *	<b>167,596</b>	0	<b>167,596</b>
6 <b>Adjustment to Salaries &amp; Wages</b>			<b>(10,737)</b>			

\* Amount from 8.30.24 Revised Rate Model

**City of Newport Water Department  
Adjustment to Payroll Expenses  
Distribution Salaries & Wages  
For the Rate Year Ended June 30, 2025**

Description	(A) 7/1/2024 Amount + Longevity	(B) Allocated to WPC	(C) Net Amount to Water Admin	(D) Total Salaries + Longevity as of 11/18/2024	(E) Allocated to WPC	(F) Net Amount to Water Admin
<b>1 Distribution Salaries &amp; Wages</b>						
2 Dist/Collect Operator	56,959		56,959	\$ 55,353		\$ 55,353
3 Dist/Collect Operator	75,390		75,390	\$ 68,625		\$ 68,625
4 Dist/Collect Operator	66,004		66,004	\$ 66,193		\$ 66,193
5 Dist/Collect Foreman	77,590		77,590	\$ 72,933		\$ 72,933
6 Engineering Technician	80,959		80,959	\$ 80,959		\$ 80,959
7 <i>50% Allocated to Source of Supply</i>	50,560		50,560	\$ 50,560		\$ 50,560
8 Dist/Collect Operator	65,229		65,229	\$ 64,648		\$ 64,648
9 Dist/Collect Mechanic	69,080		69,080	\$ 62,097		\$ 62,097
10 Dist/Collect Mechanic	60,066		60,066	\$ 58,879		\$ 58,879
11 Utility GIS & Field Specialist	-		-	\$ 89,992	\$ (44,996)	\$ 44,996
12 Utility Locator/Damage Prevention Tech	-		-	\$ 71,664	\$ (35,832)	\$ 35,832
13 <b>Total per Division</b>	<b>601,835</b>	0	<b>601,835</b>			
14 <b>Total per NWD</b>			<b>715,433</b> *	<b>741,903</b>	<b>(80,828)</b>	<b>661,075</b>
15 <b>Adjustment to Salaries &amp; Wages</b>			<b>(113,598)</b>			

\* Amount from 8.30.24 Revised Rate Model



**CERTIFICATION**

I hereby certify that on November 26, 2024, I sent a copy of the within to all parties set forth on the attached Service List by electronic mail and copies to Stephanie De La Rosa, Commission Clerk, by electronic mail and regular mail.

<b>Parties/Address</b>	<b>E-mail Distribution</b>	<b>Phone</b>
<b>Newport Water Division</b> Joseph A. Keough, Jr., Esq. Keough & Sweeney 41 Mendon Ave. Pawtucket, RI 02861	<a href="mailto:jkeoughjr@keoughsweeney.com">jkeoughjr@keoughsweeney.com</a> ;	401-724-3600
Robert Schultz, Director of Public Works Newport Water Department 70 Halsey St. Newport, RI 02840	<a href="mailto:rschultz@CityofNewport.com">rschultz@CityofNewport.com</a> ; <a href="mailto:lsitrin@CityofNewport.com">lsitrin@CityofNewport.com</a> ; <a href="mailto:dbarrett@CityofNewport.com">dbarrett@CityofNewport.com</a> ;	401-845-5600
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<b>Division of Public Utilities (Division)</b>  Leo Wold, Esq. John Bell	<a href="mailto:Leo.Wold@dpuc.ri.gov">Leo.Wold@dpuc.ri.gov</a> ; <a href="mailto:Margaret.L.Hogan@dpuc.ri.gov">Margaret.L.Hogan@dpuc.ri.gov</a> ; <a href="mailto:John.bell@dpuc.ri.gov">John.bell@dpuc.ri.gov</a> ; <a href="mailto:Al.mancini@dpuc.ri.gov">Al.mancini@dpuc.ri.gov</a> ; <a href="mailto:Joel.munoz@dpuc.ri.gov">Joel.munoz@dpuc.ri.gov</a> ; <a href="mailto:pat.smith@dpuc.ri.gov">pat.smith@dpuc.ri.gov</a> ; <a href="mailto:Steven.Parrillo@dpuc.ri.gov">Steven.Parrillo@dpuc.ri.gov</a> ; <a href="mailto:Machaela.Seaton@dpuc.ri.gov">Machaela.Seaton@dpuc.ri.gov</a> ; <a href="mailto:ellen.golde@dpuc.ri.gov">ellen.golde@dpuc.ri.gov</a> ; <a href="mailto:Christy.hetherington@dpuc.ri.gov">Christy.hetherington@dpuc.ri.gov</a> ; <a href="mailto:Bill.Lueker@dpuc.ri.gov">Bill.Lueker@dpuc.ri.gov</a> ; <a href="mailto:Kyle.J.Lynch@dpuc.ri.gov">Kyle.J.Lynch@dpuc.ri.gov</a> <a href="mailto:Mark.A.Simpkins@dpuc.ri.gov">Mark.A.Simpkins@dpuc.ri.gov</a>	401-222-2424
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